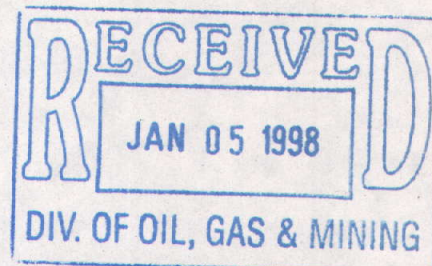


STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940



ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) 01/97 To (mo./yr.) 12/97
2. DOGM File Number (Mine No): S 10471064
3. Mine Name: COTTON WOOD
4. Mineral(s) Mined (or permitted to mine): GILSONITE
5. Type of mine ☐ Surface Mine or ☒ Underground Mine
6. Legal Description (Location of Lands Affected):
SE 1/4, SW 1/4, X 1/4, Section 35, Township 10S, Range 21E
____ 1/4, ____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
____ 1/4, ____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
7. Name of Operator or Company: LEXCO INC.
8. Permanent Street Address: 582 NORTH VERNAL AVE / BOX 1198
City, State, Zip: VERNAL, UTAH 84078
Phone: 801 789-5361
9. Company Representative (or designated operator):
Name: JAMES M. LEKAS
Title: PRES.
Business Address: BOX 1198
City, State, Zip: VERNAL, UTAH 84078
Phone: 801 789-5361
☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was the mine active during the past year? Yes ☒ No ☐
2. If active, how much ore or mineral was mined? 2550 TONS (TO DATE)
3. If inactive, what year was the mine last active? N/A

3. How much **additional acreage** was disturbed during the past year? 0
4. Briefly describe any new or additional surface disturbances that occurred during the past year. This description should include the type of work performed, and volume of material moved.

NONE

5. How much acreage was **reclaimed** during the past year? 0
6. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.

NONE

7. What is the **total disturbed acreage** at years end? LESS THAN 2 ACRES
8. Briefly summarize any mining and/or reclamation plans for the upcoming year.

UNDERGROUND MINING
NO NEW SURFACE ACTIVITY

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. Additional Information

1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print):

Title of Operator:

Signature of Operator:

Date:

JAMES M. LEKAS
Pres.
[Signature]
12/18/97